

amendment to the Sick Industrial Companies (Special Provisions) Act, 1985 for bringing sick industrial companies in the Public Sector within the purview of the Act.

### **Increase in Exports**

\*134. SHRI KADAMBUR M.R. JANARTHANAN: Will the Minister of COMMERCE be pleased to state:

(a) the percentage increase in exports after the announcement of new Exim policy;

(b) whether the exports have increased as per expectations;

(c) if not, the reasons therefor; and

(d) the steps proposed to be taken by the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) The Government has announced an initial package of trade reforms on 4th July, 1991, followed by a Statement on Trade Policy on 13th August 1991. According to provisional figures, the monthly export growth rate increased from 11.2% in June 1991 to Rs. 32.2% in July 1991, 41.7% in August 1991 and 42.4% in September 1991.

(b) and (c). Considering the uncertainties relating to developments in the Global economy, deliberate policy to compress exports to Rupee Payment Areas on account of difficulties being experienced by these countries to supply necessary imports to India on account of dislocation in the Soviet Union, decline in global output and exports, recession in major developed countries, depressed world prices for some of our agricultural products, import curbs imposed on account of critical Balance of Payments situation which affected our domestic production, steep hike in interest rates on export

credit, and the timelag for exporters to react to the far reaching reforms in the trade policy, the growth in exports has been more or less according to expectations.

(d) The Government introduced a package of trade policy reforms aimed at strengthening of export incentives, eliminating substantial volume of import licensing and optimal import compression. REP licences have been replaced by a new instrument named Eximscripts. These will be the means of obtaining access to certain categories of imports of raw materials, components and spares. The system of advance licensing as an instrument of export promotion has also been strengthened. Government has decided to allow established exporters to open foreign currency accounts in approved banks and allow exporters to raise external credits, pay for export related imports from such accounts, and credit export proceeds to such accounts. Besides, Government have taken other steps which include reducing controls through licensing, simplification of procedures for exports, activation of Board of Trade, bilateral discussion with selected countries, interaction with national organisations of trade and industry, etc.

### **Association of Private Sector in Production of Light Combat Aircraft**

\*135. SHRIP.M. SAYEED: Will the Minister of DEFENCE be pleased to state:

(a) whether the Government are contemplating to associate private sector with the proposal to induct light combat aircraft into the Indian Air Force;

(b) if so, the details of the scheme; and

(c) the main reasons for associating private sector with the defence efforts?

THE MINISTER OF DEFENCE (SHRI SHARAD PAWAR): (a) and (b). LCA is in a

development stage and is planned for production in HAL. Private industry has been utilised for fabrication of wind tunnel model parts, tool design and manufacture, computer facilities for simulation including hardware and software, materials development and supply, manufacture of printed circuit boards etc. Further it is proposed to involve the private sector more in fabrication of aircraft parts, sub-systems and test facilities taking due care of quality and security.

(c) The main reasons for contemplating association of private sector are:-

- i) Industrial base has vastly improved and it would help in building up of capability in development of high technology systems.
- ii) multiple sourcing for technology, equipment, components, etc., in addition to the traditional Government sectors, would contribute to cost reduction.
- iii) the investment of Government funds in the Government sector would be lowered.
- iv) research and development teams could concentrate more on systems design and engineering rather than on production.
- v) division of tasks and involvement of private sector would improve productivity and cost effectiveness; also enable the private sector to be more innovative and creative.

#### **Impact of Devaluation on Exports**

\*136. SHRI CHETAN P.S. CHAUHAN:  
SHRIMATI BHAVNA CHIKH LIA:

Will the Minister of FINANCE be pleased to state:

(a) whether much of the intended competitive edge to Indian exports has been lost as a result of devaluation of rupee and high rate of inflation; and

(b) if so, the reaction of the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (RAMESHWAR THAKUR) (a) and (b). No, Sir. The adjustments in the exchange rate of rupee in terms of the major currencies of the world were effected in two-stages on the 1st and 3rd July, 1991 as part of a package of policies aimed at restoring confidence and enhancing the international competitiveness of Indian exports. Although domestic inflation might have eroded the price advantage to exports provided by the exchange rate adjustment and the EXIM scrip policy, to some extent, the total impact of the policy remains highly favourable and India's exports are today much more competitive. Besides, several structural reforms in the spheres of industry and trade coupled with a strict monetary and fiscal discipline are expected to dampen inflationary pressures, to increase efficiency and productivity and impart dynamism to the growth process and thereby provide a solid foundation for higher exports and overall growth.

[Translation]

#### **Losses Incurred by Central Cooperative Banks and Regional Rural Banks**

\*137. SHRI SANTOSH KUMAR GANGWAR: Will the Minister of FINANCE be pleased to state:

(a) the average losses incurred by the Central Cooperative Banks and the Regional Rural Banks during each of the last three years; and

(b) the action taken or proposed to be taken to check the losses?